

OIT-0145-86
27 FEB 1986

MEMORANDUM FOR: Director of Personnel

25X1 FROM: William F. Donnelly
Director of Information Technology

SUBJECT: Performance Based Compensation

1. I am pleased to forward for your consideration the OIT task force report on performance based compensation. I strongly recommend that we adopt this pay system as a means to support recruitment and retention of people whose skills are in great demand in all levels of government and in the private sector. Beyond this, I believe that performance based compensation emphasizes pay for performance and provides managers a direct means to determine appropriate pay for various levels of effort in similar work. The current GS system is not flexible enough in its design to support any of these objectives without resorting to prohibitive paperwork to subvert its rigidity. Thus, under the GS system we have had to add premiums to standard pay categories in order to attract and retain scarce skills. We have had to invent awards to compensate superior performance when the standard pay system is inadequate. And under the GS system, CIA cannot use pay to differentiate the quality of performance by people doing the same kind of work.

2. While the task force report lays the groundwork for a pay system that meets the marketplace and properly rewards hard work, it also offers useful concepts about position classification. In this latter respect, its utility to the Agency may be more general. I look forward to your reaction to the report and to the early implementation of this recommendation.

25X1
25X1 William F. Donnelly

Attachment:
As stated

25X1- (20Feb1986)

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